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SUBJECT: MEDIA REACTION ON DEBT FORGIVENESS, JUNE 28, 2005

1. The Tegucigalpa-based liberal daily "La Tribuna" published an op-ed by Juan Ramon Martinez entitled "Debt Forgiveness and Wealth Creation." "Debt forgiveness is a governmental and legislative success but has been received by some in a strange way."

"It was during Carlos Roberto Reina's government that things were forced so that Honduras could qualify as a heavily indebted poor country."

"In that moment we considered it to be the wrong way to go but during Flores' government we were hit by Hurricane Mitch and we concluded that it was the only way we had left mostly because only a solid fiscal disciplinary base could correct the government's mess and to create the structure for a path and national transformation in which we could build a growth process of the economic forces."

"We must take the money from the government and deliver it to the citizenship by doubling the minimum wage."

"We need to create a favorable climate for investment, wealth creation and employment."

"Once such conditions are created we can put in order the commercial balance so actual consumer tendencies will be reduced; even better, an internal market can be developed that will create national and international economic forces to respond to the new urgencies and needs."

"We need to review the wealth distribution system to amend injustice, putting the economy to serve the people and not just a few as it occurs presently."

2. The San Pedro Sula-based liberal daily "Tiempo" carried an op-ed by Gustavo A. Aguilar L. entitled "External Debt and Development in Honduras." "The process of Honduras' accruing of external debt in Honduras started in the 50s, a decade marked by social change, as the country sought its place in the global economy. After WWII, economies as well as countries started to modernize their economic and social structures, and created organizations for economic and social development."

"A country's indebtedness begins to increase because of the necessity of public investment. Because Honduras lacked internal savings, it had to find funding from the international multilateral financial institutions such as the IDB, World Bank and bilaterally from friendly governments interested in contributing to the development of our country."

"The big problem with the way that Honduras has been increasing its debt has been the lack of an orderly planning process for economic development. On the one hand, there has been no long-term focus and, on the other, external debt has been a source of illicit gains for the project managers and the institutions that have managed the financial resources."

"Currently, the rich countries (G-8) have considered debt relief for \$1.2 billion, a large portion of current debt. Debt relief has also been considered for loans granted by the World Bank and the IMF. It is possible that as a consequence, there will be strategic financial focus and development of the country."

"At this moment there needs to be a plan for the efficient use of the new available resources. These funds need to be placed within the National Budget and within projects that would have a valuable impact on production, education, health, the modernization of public management and the contribution of the private sector."

"The government gives itself credit for the work done by many protagonists, including past administrations, Cardinal Oscar Andres Rodriguez, and our people who have paid their share in sacrifice and strife for economic improvement."

Palmer